



June 12, 2022

CIO Strategy Bulletin

Alternative Investments in Uncertain Times

David Bailin, Chief Investment Officer and Head of Citi Global Wealth Investments

Steven Wieting, Chief Investment Strategist and Chief Economist

Stefan Backhus, Head of Private Equity (Americas), Citi Global Wealth Investments-Alternatives

Megan Malone, Head of Private Equity and Real Estate (Americas)

SUMMARY

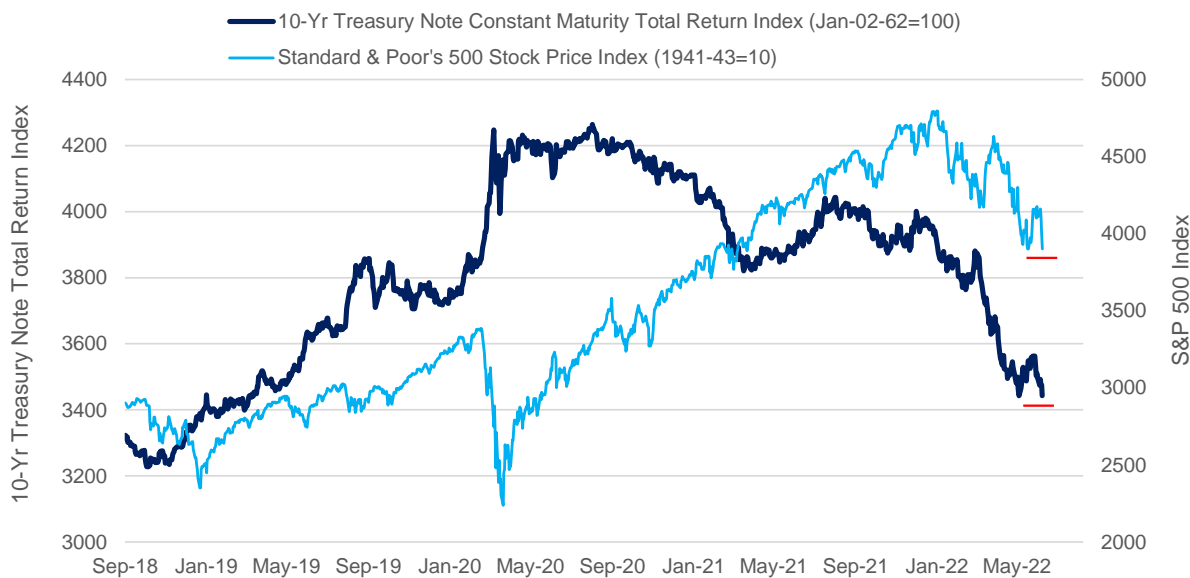
- May's CPI surprised to the upside, rising 1.0% overall to a new cycle high of 8.6% on surging energy and food costs. The data will only further pressure the Fed to move on with its radical "about face" in policy.
- As the Fed tightens, the risk of a future recession rises. But let's not ignore the improvements made so far in rebalancing supply/demand. Inflation measures (with key components in the Index of Lagging Economic Indicators) are the last place this will be seen.
- For PE and VC firms, the contrast between today's environment and 2021 could not be more stark. From free-flowing capital and high valuations, to constrained spending and a shut down in public exits, a new period for sponsors and investors alike has begun.
- There will be downward pressure on private market portfolio valuations over the coming quarters, with significant dispersion among managers dependent on industry focus, leverage employed and the reduced price of new deals. Secondary market pricing is currently anticipating notable valuation declines from December 31, 2021 levels.
- New investment activity is slowing down in 2022 as both sellers and buyers in the private markets adjust to changing pricing and leverage dynamics, which may lead to more attractive entry points.
- When momentum ceases to "lift all boats," asset selection skills become critical, and managers will be able to leverage a restrained competitive environment and rational valuations to seek to deliver enhanced returns to investors.
- Real estate and other hard assets may benefit investors in an inflationary environment given the ability to mark-to-market asking rents; higher inflation also means higher replacement costs likely reducing supply.
- Overall, we see specific risks and potential opportunities, with some sectors likely to materially outperform after this downturn.
- Qualified and suitable clients – in particular those who can take on some illiquidity risk – will be able to consider a diverse set of alternative investment managers to potentially enhance returns, hedge macro risks, and diversify portfolios relative to a purely traditional portfolio of stocks and bonds.

More Uncertainty: A Bad Ending to a Bad Week

The US Bureau of Labor Statistics chose an illiquid “early summer” Friday to release its much-awaited Consumer Price Index report for May. The report set key market measures back to their early May 2022 lows – quite literally (*even eerily*) within tenths of a percentage point – for several key market measures (see [figure 1](#)).

Energy costs had dipped in April, raising hopes of a peaking in headline US inflation. This helped markets to stabilize for several weeks. Then investors watched “real world” prices climb at the gas pump, while paying for meals and booking summer vacations. Apprehension built that the May CPI could be nasty. It didn’t fail to deliver, rising 1.0% overall and 0.6% excluding food and energy.

Figure 1: S&P 500 and US Treasury 10 Year Note Total Return Index



Source: Haver Analytics through June 10, 2022. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns.

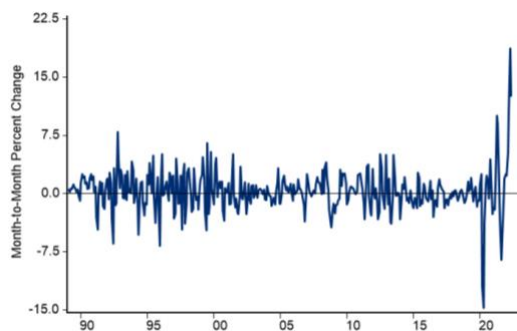
After Russia’s invasion of Ukraine, we estimated month/month CPI gains near the highs of the early 1980s – above 1% per month with a year/year peak near 8 ½% -- during the second quarter 2022 (see our [CIO bulletin of March 6, 2022](#)). While inflation rates have reached these levels, the gain hasn’t come fully on energy costs, but instead the pass-through of price pressures throughout the economy.

For example, the sharp rebound in social-close service prices after a weak period of activity suggests the “pent up friction” and price spikes that were first seen in goods. Industries can’t simply turn their capacity on and off as quickly as COVID norms change. The CPI for airfares rose an enormous 12.6% in May alone after surging 18.6% in April (see [figure 2](#)).

With consumer goods spending waning and supplies recovering, previous areas of strength are retreating. Appliances fell 0.7% in May, while other housing-related merchandise posted sharper declines. This points the way forward for inflation in the future, as retail inventories surge. Demand will similarly rebalance in the economic slowdown ahead.

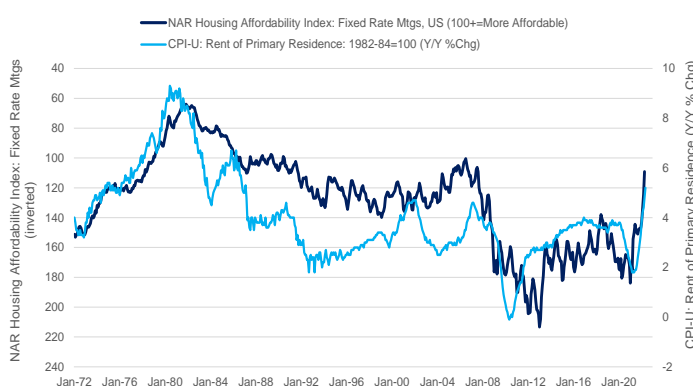
However, as discussed in the last [CIO Bulletin](#), the incipient weakness in home sales on rising mortgage rates will generate *upward pressure* for rental markets. The 0.6% gain in shelter costs in May pushed the measure up to a 5.5% year/year pace, the highest for the cycle to-date. As affordability will not turn quickly, this suggests relief in this price measure won't come until 2023 (see [figure 3](#)).

Figure 2: CPI: Monthly % Change in Airfares



Source: Haver Analytics through June 10, 2022. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Past performance is no guarantee of future results.

Figure 3: US CPI for Rent Y/Y% vs Housing Affordability Index (inverted)



Source: Haver Analytics through June 10, 2022. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Past performance is no guarantee of future results.

Ironically, monetary policy tightening transmitted through higher interest rates is a source of *upward* pressure in the Consumer Price Index through some measures of housing inflation. This is the case even while new and existing home sales now fall at a double-digit pace.

The US data remain consistent with a topping of inflation, particularly as average wages have risen at a much slower pace than the CPI in the year-to-date (3.9% vs 1.8% non-annualized). For now, however, the data do nothing but further pressure the Fed to move on with its radical “about face” in policy. Markets price in 3 more 50-basis-point rate hikes at coming FOMC meetings.

The economy is slowing sharply as consumers face the inflation spike following last year’s demand boom (please see our [Mid-Year Outlook](#)). They do so this year without income support. As the Fed tightens, the risk of a future recession rises. However, we should not ignore the progress toward rebalancing supply/demand that has already taken place. Inflation measures (with key components in the Index of Lagging Economic Indicators) are the last place this will be seen.

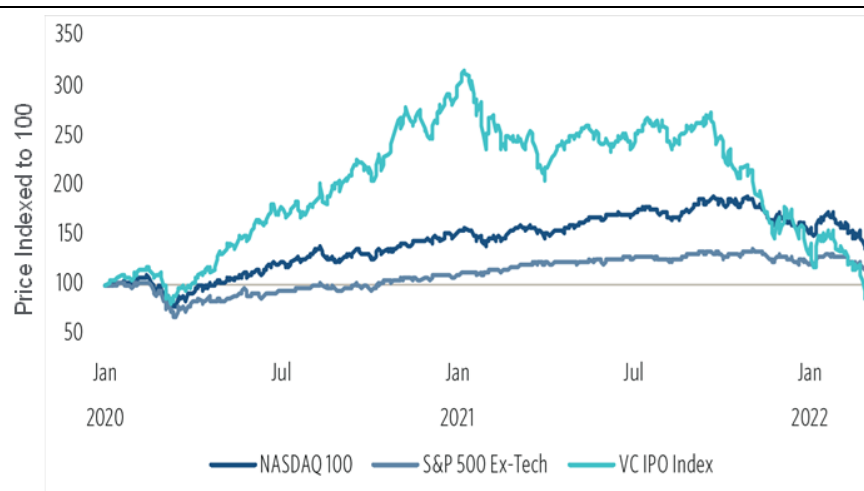
We will, of course, see the bulls and bears “fight this out” on Monday, with public stock and bond markets literally at the lows for the year.

A “New Day” for Alternatives

For PE and VC firms, the contrast between today’s environment and 2021 could not be more stark. From free-flowing capital and sky-is-the-limit valuations, to constrained spending and a shut down in public exits, a new period for sponsors and investors alike has begun. For new money (both “dry powder” and new funds), there will be opportunities ahead as public market valuations present some compelling buyout target opportunities. Yet, many of these same buyers will need to manage portfolios of companies facing near-term revenue and cash-flow challenges, at the same time.

According to a Pitchbook analysis (5/13/22), the average interest rate coverage for recent PE buyouts would fall to 2.2x assuming a 200-basis-point rise by the Fed. And the stock market has been least kind to companies producing negative cash flows. Companies in Pitchbook’s VC IPO index are down an average of 75% from their 52-week highs, valuations that are now underperforming the Nasdaq 100 and non-tech S&P indices since January 2020.

Figure 4: Select US equity indexes (indexed to 100)



Source: Pitchbook, Morningstar as of May 12, 2022. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Past performance is no guarantee of future results.

2021’s Alternative Hypergrowth: A Pandemic Surge and a Changing Business Mix

The pandemic years were extremely lucrative for alternative fund managers and investors. \$1.2 trillion in new capital was raised by funds. The surge in liquidity and interest rates pinned near zero provided fuel for larger transactions and an increase in deal volume. There were \$1.1 trillion in buyouts in 2021, an average deal size that eclipsed \$1 billion for the first time, a 16% increase in deal volume and the 10 largest deals represented 18% of the aggregate¹. Dry powder of more than \$3 trillion put pressure on the industry to deploy capital – and they did.

The industry also saw new trends expand exponentially. Public to private transactions (buyouts of public companies) totaled \$469 billion, up 57% year-over-year, representing 19% of all merger and acquisition activity². In many cases, PE buyers outbid corporates and they paid a high price to secure targets. In 2021, public to private buyers bid 19.3x EBITDA for targets, also a record.

¹ Bain, “[The Private Equity Market in 2021](#)”

² Bain, “[The Private Equity Market in 2021](#)”

Shifts toward specialization were notable, with an emphasis on growth equity and technology buyouts. Almost a third of buyouts were in technology and if one counts adjacent businesses (healthcare, fintech and the like) it was nearly 50%. That reflects a profound shift in investor capital with growth and tech funds capturing 82% of the AUM raised by traditional buyout funds.

Some hybrid funds used their capital to try to reset how companies were funded, in effect believing that capital invested was itself a competitive advantage for its portfolio companies. This crossover activity between VC and PE where firms compete over later stage private tech and other companies is also a paradigm shift, making larger infusions at high valuations more common, increasing competition for pre-IPO equity and extending their time as private companies.

Exits were similarly supersized. Buoyed by high valuations, 2021 saw \$957 billion in asset sales, with corporate buyers (\$458 billion), sales between PE firms (\$228 billion), SPACs (\$158 billion) and IPOs (\$112 billion) representing the four largest exit categories³.

What a Difference a Year Makes

Looking back now on 2021, there are reminiscences of the 2006-07 period. Deals done before the GFC were similarly large, yet produced relatively poor results, many with single digit rates of return. At that time, multiples paid for public companies were 12.6x EBITDA, much lower than recent transactions. Relative to that period, 2021 targets were more often tech companies and buyouts were done by specialist PE firms.⁴

Though the current macro environment is unlikely to become a financial crisis, the market dynamics of 2022-23 will have a profound impact on deals done in 2021-22. Here's why. The most recent buyouts relied on proformas that assumed high levels of growth and expanding margins, the exact opposite of what is being experienced in the current inflationary, slower growth environment. Shortages of inputs reduce both throughput volumes and margins. And while tech spending is strong and likely to remain positive, assuming no major recession, the ability to drive margin expansion will be very limited.

With interest rates rising quickly as the Fed takes on inflation, the cost of variable rate capital has increased substantially and terms for new capital are becoming more onerous. And the terms for new capital deployment will certainly be harsher, with write-downs of company valuations being the new norm. The Financial Times reported on May 9th that Tiger Global has experienced mark-to-market losses of \$17 billion in its funds, even as the firm is completing deployment of its most recent \$12.7 billion fund XV. Tiger Global added investments in 118 unicorn companies in 2021-22 alone.

The Challenges Ahead

Fundraising

2022 has seen investors become overexposed to illiquid funds relative to allocation targets due to declining public market portfolio valuations. In many cases, investors appear to be deploying capital judiciously focusing on their highest conviction managers. This investor flight to quality benefits top managers but may hurt smaller and/or more recently established fund managers, particularly if investor

³ Bain, "[The Private Equity Market in 2021](#)"

⁴ Bain, "[The Private Equity Market in 2021](#)"

sentiment turns significantly worse from today's levels. Recall that during the global financial crisis, fundraising fell over 50% from 2008 to 2009 and did not reach the 2008 fundraising level again until 2015. (see [figure 5](#).)

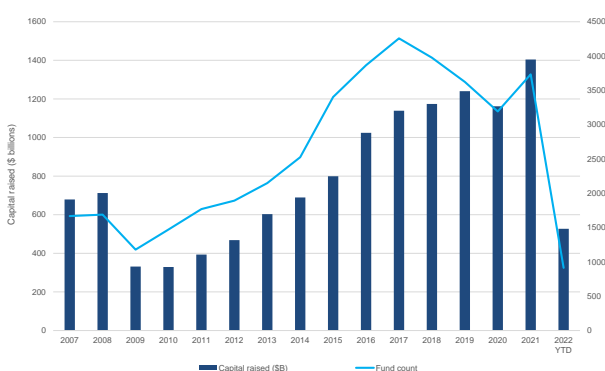
Playing Defense

A material decline in future private market valuations can be observed initially in secondary market statistics (an illiquid market where fund investors may buy/sell their limited partnership interests – see [figure 6](#)). In 2018, these limited secondary trades saw prices fall briefly to -30% of NAV. While some high-quality private capital and hedge fund managers maintained their pricing discipline in 2020 and 2021, many overextended valuations as they deployed capital.

We expect that public market multiples will negatively impact private market valuations, followed by new private market valuation metrics as financings get completed (including down rounds and recapitalizations). These are likely to occur over the next few quarters and may be stark, should markets decline further from current levels.

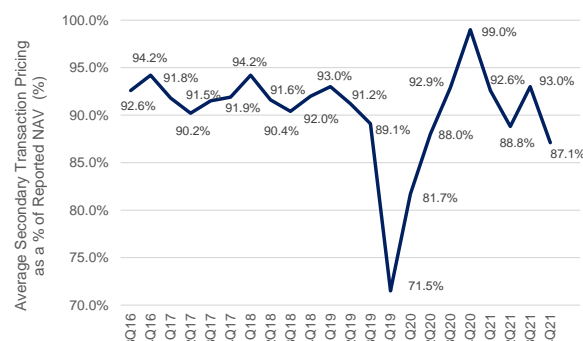
Managers who deployed capital too aggressively with little valuation discipline over the past 12-24 months will be spending the remainder of 2022-24 shoring up cash flows, repairing over-leveraged balance sheets and stabilizing the operations of their portfolio companies.

Figure 5: Private Capital Fundraising Activity



Source: Preqin as of June 9, 2022. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns.

Figure 6: PEFOX Average Secondary Transaction Pricing as a % of Reported NAV

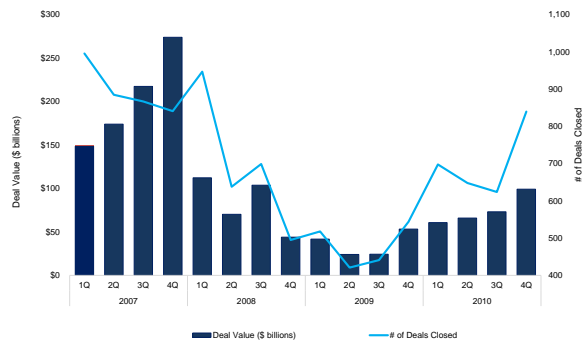


Source: PEFOX Library as of Dec. 31, 2021. Secondary Pricing Database. The x-axis is the fund reference date. Pricing is as a percentage of NAV. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns.

Deal Activity to Decline

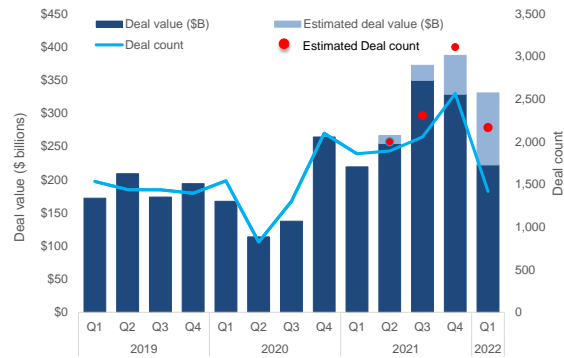
Private deal flow has recorded reduced activity levels during troubled times, as demonstrated by US PE deal activity during the global financial crisis and COVID-19 pandemic (see [figures 7 and 8](#)). Private capital firms often have significant dry powder, a structural advantage for new opportunities during periods of market stress when other investors are sidelined.

Figure 7: US Private Equity Deal Activity During GFC



Source: Pitchbook as of March 31, 2022. Past performance is no guarantee of future returns. Real results may vary.

Figure 8: US Private Equity Deal Activity During COVID-19



Source: Pitchbook as of March 31, 2022. All forecasts are expressions of opinion and are subject to change without notice and are not intended to be a guarantee of future events. Past performance is no guarantee of future returns. Real results may vary.

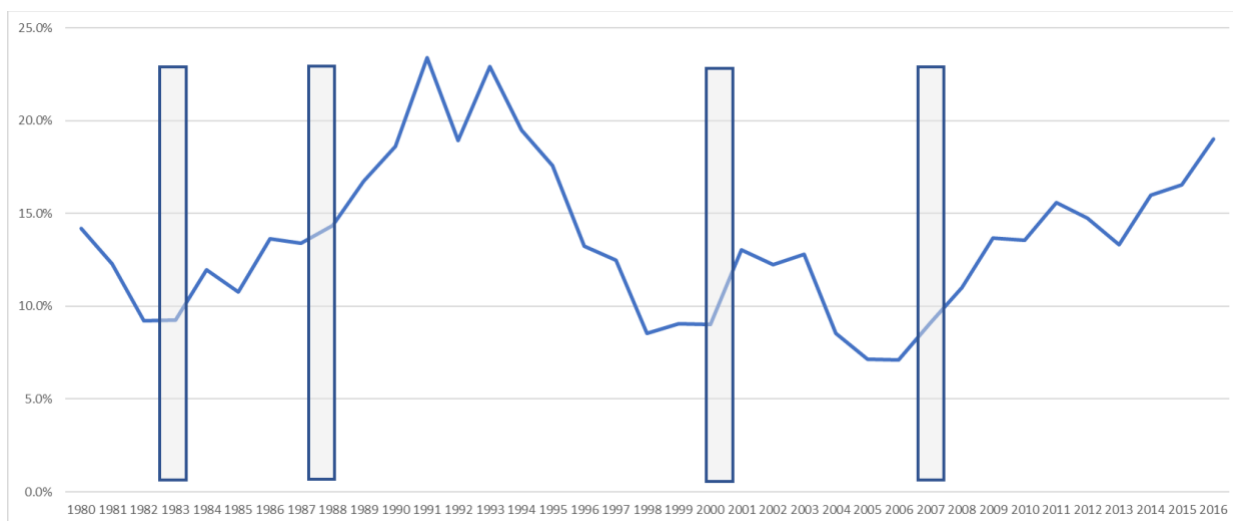
As we highlighted in the [CIO Bulletin of June 14, 2020](#), alternative firms typically experience a near-term slowdown in fundraising and capital deployment while managers address liquidity concerns, protect existing investments, and study evolving trends. Managers will then seek out and evaluate windows of opportunity to take advantage of pockets of capital scarcity. As noted above, private capital managers have a significant war chest of uncalled capital available (“dry powder”).

Areas of Opportunity

A Brighter Future for New Capital

Periods of restrained fundraising and lower potential entry valuations driven by public market weakness have seen private capital returns trend upward after public markets experience declines in excess of 20% (see [figure 9](#)). In the event our base case, RESILIENT scenario, plays out, this may begin to emerge in mid-2023. But in a recessionary scenario with high interest rates and negative growth, such a turnaround may take two to three years.

Figure 9: Median Net Internal Rate of Returns by Vintage Year for Private Capital After S&P 500 Bear Markets



Source: Bloomberg and Preqin accessed on June 9, 2022. Shaded areas note beginning of bear markets. Past performance is not indicative of future returns. For illustrative purposes only. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Real results may vary.

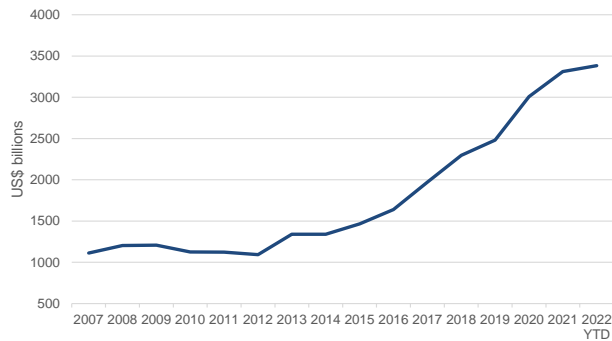
Yield Generation in Fixed Income

Broad-based selling and volatility in early 2022 have provided alternative fixed income managers, including those focused on non-agency RMBS, CMBS, bank loans, and EM debt, with potential opportunities to generate alpha relative to traditional strategies. These fixed income sub-sectors are prone to wide dispersion, with relative performance dependent on a variety of macroeconomic factors.

We believe we may be entering a “bond pickers’ market” that benefits active management. We expect volatility and dispersion to continue as the Federal Reserve’s policies evolve, which can create attractive opportunities for alternative fixed income specialists with flexible investment mandates.

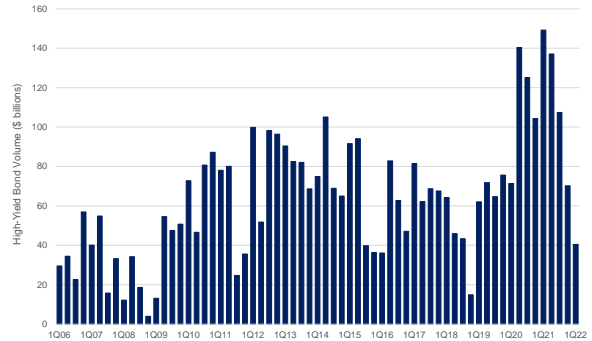
When companies can’t rely on IG and high yield markets for their financing needs (see [figure 10-11](#)), private direct lending strategies become an even more important provider of credit financing to the market. These funds typically provide variable rate loans to the market, mitigating investors’ interest rate risk in a rising rate environment.

Figure 10: Private Capital Fundraising Activity



Source: Preqin as of June 9, 2022. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns.

Figure 11: Quarterly High Yield Issuances (\$ bns)



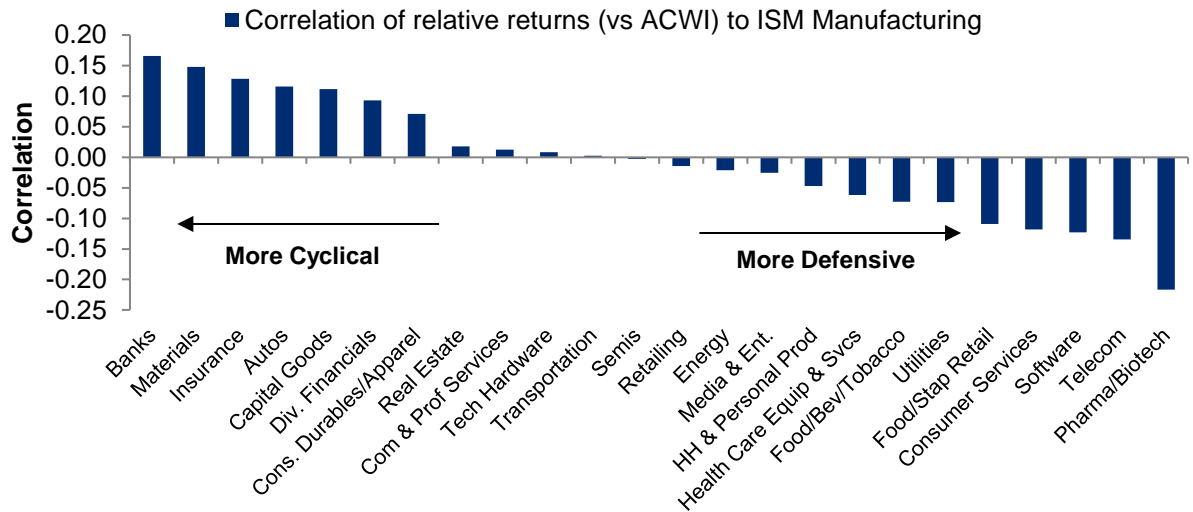
Source: S&P Leverage Commentary and Data March 31, 2022. Past performance is no guarantee of future returns. Real results may vary. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns.

Growth, Digitization and Later Stage VC

Some growth companies -- both public and private -- will outperform in a slowing economy. As we highlighted in our April 10, 2022 Bulletin (see [“The Value of Growth in a Slowing Economy”](#)), certain cyclical, growth sectors like software and healthcare can deliver earnings that are uncorrelated with the business cycle (see [figure 12](#)).

We also believe that a shortage of late-stage venture capital may become apparent as certain players retreat from the space and others wait for their portfolios to heal before deploying more capital. The advantages of pre-IPO equity are likely to include lower entry pricing and better terms. For funds that lend to VC companies, loans may contain both more covenants and attractive warrants and equity-linked terms that seek to offer investors better upside.

Figure 12: Global industry group correlation to cyclical activity



Source: Haver as of May 31, 2022. Past performance is not indicative of future returns. For illustrative purposes only. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

The accelerated adoption of technology is the new normal, a data-enabled, decentralized, and flexible global economy. Trends like digitization, 5G, fintech, and cybersecurity have continued to achieve material revenue growth through slower economic periods. Differentiating between market leaders and tagalong companies will become ever more critical in 2023 and 2024. In fact, within the technology sector of the S&P 500, the average differential between the first and third quartile returns for companies has been 37% over the past 5 years, creating a punishing environment for some investors and opportunities for active managers and hedge funds.

Aggressive Bottom Fishing

Active M&A by both funds and their existing portfolio companies is likely to be used to consolidate competitive positions. We also expect that private investments in public entities (“PIPEs”), carve-outs from companies seeking to shore-up balance sheets and distressed for control opportunities are more likely to appear the longer the high inflation, low growth environment persists.

Private Real Estate

Investments in real estate and hard assets can benefit investors in an inflationary environment. Higher inflation means higher replacement costs and building inputs, including lumber and steel, construction labor, and land parcels. These rising costs may limit new development projects, limiting new supply, and giving existing owners more pricing power. Additionally, rents can be marked-to-market as often as monthly for apartments or even daily for hospitality.

Two areas of particular observation are residential and logistics. It is estimated that we are about 4 million homes short of demand from would-be-home buyers; and the pandemic-related supply chain issues have slowed new housing starts, which is not helpful to closing this gap. To put this in context, this is the

greatest level of undersupply in over 50 years.⁵ However, we are starting to see a slowdown in demand that can be attributed to the recent sharp increase in rates. For the first time since June 2019, the inventory of homes actively for sale on a typical day increased in May 2022. But there is still a long way to go before we reach “normalized” housing inventory as inventory of active listings was down 48.5% compared to May 2020 in the early days of the COVID-19 pandemic.⁶

The current unaffordability in the single-family home sector will likely continue to drive the need for multifamily real estate as renters stay in their units longer. Year to date, we’ve seen historically unprecedented demand, occupancy, and rents in the multifamily market. Net demand for market-rate apartments (or apartments not restricted by affordable housing laws) totaled over 710,000 units nationally in the year-ending Q1 2022. That’s 8% more than the previous high set one quarter earlier, and 76% higher than the pre-COVID-era peak set back in 2000.⁷

The pandemic has also shifted customer preference to shopping online, driving a jump in e-commerce sales as a percent of total retail sales. For context, E-commerce sales were \$870BN in the U.S. in 2021, a 14.2% increase over 2020 and a 50.5% increase over 2019.⁸ Even after the pandemic, e-commerce sales are forecast to grow at 12-15% annually, continuing to gain market share from brick & mortar (Moody’s Q4 2021).

To quantify how a rise in e-commerce sales drives demand for industrial, e-commerce transactions require three times the warehouse space of traditional brick and mortar. For example, it is estimated that a 1% increase in e-commerce sales as a percentage of overall retail sales is expected to result in over 65 million square feet of demand for industrial space.

CONCLUSION

The new market environment will likely lead to an investor flight to quality. Rising interest rates, inflation, and volatile public markets will be challenges to overcome. Managers who deployed capital too aggressively over the past 12-24 months will be spending the remainder of 2022 into 2023 shoring up cash flows, fixing over-levered balance sheets, and stabilizing the operations of their portfolio companies. Manager selection will be key as in a more uncertain environment, managers must adjust their portfolios and investment strategies quickly and effectively to adapt to changing conditions.

Alternative investments offer a broad range of risk/return profiles to choose from across all market conditions. Qualified and suitable clients – in particular those who can take on some illiquidity risk – will be able to look to a diverse set of alternative investment managers to potentially enhance returns, hedge macro risks, and diversify portfolios relative to a purely traditional portfolio of stocks and bonds.

⁵ Bloomberg (Ticker: PHUCTOT), New Home Construction, as of Q4 2021

⁶ Realtor.com

⁷ [Realpage Analytics](#)

⁸ US Department of Commerce Retail Indicator Division

DISCLOSURES

This email contains promotional materials. If you do not wish to receive any further promotional emails from Citi Global Wealth Investments, please email donotspam@citi.com with "UNSUBSCRIBE" in the subject line. Email is not a secure environment; therefore, do not use email to communicate any information that is confidential such as your account number or social security number.

This Communication is prepared by Citi Global Wealth Investments ("CGWI") which is comprised of the Investments and Capital Markets capabilities of Citi Private Bank, Citi Personal Wealth Management and International Personal Bank U.S.

Citi Private Bank and Citi Personal Wealth Management are businesses of Citigroup Inc. ("Citigroup"), which provide clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Not all products and services are provided by all affiliates or are available at all locations. In the U.S., investment products and services are provided by Citigroup Global Markets Inc. ("CGMI"), member FINRA and SIPC, and Citi Private Advisory, LLC ("Citi Advisory"), member FINRA and SIPC. CGMI accounts are carried by Pershing LLC, member FINRA, NYSE, SIPC. Citi Advisory acts as distributor of certain alternative investment products to clients of Citi Private Bank. Insurance is offered by Citi Personal Wealth Management through Citigroup Life Agency LLC ("CLA"). In California, CLA does business as Citigroup Life Insurance Agency, LLC (license number 0G56746). CGMI, Citi Advisory, CLA and Citibank, N.A. are affiliated companies under the common control of Citigroup. Outside the U.S., investment products and services are provided by other Citigroup affiliates. Investment Management services (including portfolio management) are available through CGMI, Citi Advisory, Citibank, N.A. and other affiliated advisory businesses. These Citigroup affiliates, including Citi Advisory, will be compensated for the respective investment management, advisory, administrative, distribution and placement services they may provide.

International Personal Bank U.S. ("IPB U.S."), is a business of Citigroup which provides its clients access to a broad array of products and services available through Citigroup, its bank and non-bank affiliates worldwide (collectively, "Citi"). Through IPB U.S. prospects and clients have access to the Citigold® Private Client International, Citigold® International, International Personal, Citi Global Executive Preferred, and Citi Global Executive Account Packages. Investment products and services are made available through either Citi Personal Investments International ("CPII"), a business of Citigroup which offers securities through CGMI, member FINRA and SIPC, an investment advisor and broker-dealer registered with the Securities and Exchange Commission; or Citi International Financial Services, LLC ("CIFS"), member FINRA and SIPC, and a broker-dealer registered with the Securities and Exchange Commission that offers investment products and services to non-U.S. citizens, residents, or non-U.S. entities. CGMI and CIFS investment accounts are carried by Pershing LLC, member FINRA, NYSE, and SIPC. Insurance is offered by CPII through CLA. In California, CLA does business as Citigroup Life Insurance Agency, LLC (license number 0G56746). Citibank N.A., CGMI, CIFS, and CLA are affiliated companies under common control of Citigroup Inc.

[Read additional Important Information](#)

Past performance is not indicative of future results. Real results may vary.

Citi and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside Citi. Any statement in this Communication regarding tax matters is not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Important information, including information relating to risk considerations can be found in the link above.

Views, opinions and estimates expressed herein may differ from the opinions expressed by other Citi businesses or affiliates, and are not intended to be a forecast of future events, a guarantee of future results, or investment advice, and are subject to change without notice based on market and other conditions. Citi is under no duty to update this presentation and accepts no liability for any loss (whether direct, indirect or consequential) that may arise from any use of the information contained in or derived from this presentation.

© 2021 Citigroup Inc., All Rights Reserved. Citi, Citi and Arc Design and other marks used herein are service marks of Citigroup Inc. or its affiliates, used and registered throughout the world.

**INVESTMENT PRODUCTS: NOT FDIC INSURED · NOT CDIC INSURED ·
NOT GOVERNMENT INSURED · NO BANK GUARANTEE · MAY LOSE VALUE**